



REQUEST FOR PROPOSALS (RFP 2024-2-3329)

THE UNIVERSITY OF AKRON IS SEEKING PROPOSALS

HOUSING PUBLIC PRIVATE PARTNERSHIP (P3)

AS PER THE SPECIFICATIONS LISTED HEREIN

PROPOSAL DUE DATE: APRIL 5, 2024

PROPOSAL DUE TIME: 4:00PM EST

ISSUED BY: THE UNIVERSITY OF AKRON DEPARTMENT OF PURCHASING

NOTE: All questions and correspondences **MUST** go through the purchasing bidding tool Public Purchase. Proposers are not to contact any University department directly, in person, by telephone, or by email concerning this RFP, except as designated in this document.

The table below shows the intended schedule for this Request for Proposals (“RFP”).
The University will make every effort to adhere to this schedule.

Event	Expected Date
Issue RFP to Shortlisted Firms	February 16, 2024
One-on-One Work Sessions (virtual)	Week of February 26, 2024
Optional Housing Tours	Week of March 4, 2024
Deadline to Submit Written Questions	March 8, 2024
Issue Responses to Questions	March 15, 2024
Deadline to Submit Proposal	April 5, 2024 (4:00pm EST)
Interviews	Mid-April
Selection	Following Interviews

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1. Overview & Solicitation Process

1.1. Introduction

The University of Akron ("UA" or the "University") seeks to identify interested entities ("Proposers") who are qualified to enter a public-private partnership with the University to design, build, finance, operate, and maintain all University housing facilities. The selected entity will be expected to assume operational and maintenance responsibilities for the existing housing assets, which includes approximately 2,500 beds across nine residence halls.

Furthermore, the Partner will be responsible for improving the physical condition and student housing experience at the University. The Partner will be responsible to design, build, finance, operate and maintain any new or current housing facilities during the term of the partnership.

Interested parties should not contact any University officials other than through the channels described herein.

1.2. Project Drivers

The following are the key drivers for the University that serve as the framework for the P3 Project:

- ◆ Access to alternative financing options and incentives
- ◆ Preservation of University debt capacity
- ◆ Monetization of housing assets via an up-front capital contribution, in order to address outstanding University debt burden
- ◆ Transference of design, construction, operating, and financial risks to a partner
- ◆ Access to a skilled workforce and deeper bench of resources
- ◆ Off-balance sheet treatment
- ◆ Harnessing creative and innovative thinking from the private sector

1.3. Work Sessions and Facility Tours

1.3.1.Virtual Work Sessions

UA will invite Proposers to participate in a virtual work session prior to proposal submissions to allow for open dialogue between them and the University administrators/stakeholders. During these work sessions, Proposers are encouraged to discuss their partnership approach with University representatives. The feedback should provide Proposers with greater clarity on the University's vision for the project, ultimately helping the quality of final proposals. The information discussed during these work sessions will not change the terms of this RFP unless an addendum noting such change(s) is issued to all shortlisted Proposers.

1.3.2.Optional Housing Tours

Proposers are invited to visit UA's campus and tour the housing facilities in person during the week of March 4th. The intent of the tours is for the Proposers to see firsthand the conditions of the facilities and the individual spaces within them. Leaders from UA's Residential Life and Housing and Physical Facilities will lead the tours and be available to answer some questions about the building conditions. During the visit to campus, Proposers should not anticipate meeting with any other University stakeholders other than UA representatives leading the tours.

1.4. Interviews

Following proposal submissions, all Proposers will be required to present to the Project Committee. Interviews will likely occur in early – mid April.

1.5. RFP Questions and Submission Process

1.5.1. RFP Questions

Upon review of the RFP documents and following the work sessions, Proposers may have questions to clarify or interpret the RFP in order to submit the best proposal possible. To accommodate the RFP Questions process, Proposers shall submit any such questions by end of day March 8th, 2024.

Questions regarding the RFP will be submitted via the Public Purchase platform. Responses will be posted as an addendum to the RFP.

1.5.2. RFP Submission

RFP submissions are due at 4:00pm Eastern Standard Time on April 5th, 2024.

1.6. Best and Final Offer Process

Following on-campus interviews, UA may request Best and Final Offers (“BAFOs”) from one or more shortlisted Proposers. The BAFO process will allow Proposers to refine their approach, services, costs, or other aspects of their initial proposals. BAFO work sessions, in-person or via video or conference call, may or may not be conducted to assist in proposal refinement. Following receipt of all BAFO requests, UA will engage in internal discussions to select a Partner with whom to enter contract negotiations.

If for any reason a Partner and the University cannot arrive at a mutual agreement that would result in the issuance of a contract, the University reserves the right to terminate negotiations, to reject the proposal, and to continue negotiations with other responsive Proposers that may lead to the issuance and award of a contract

1.7. Project Committee

The designated Project Committee (“PC”) will be responsible for evaluating proposals and making final recommendations to the University regarding all contracts, scope of work, and other issues relating to the Project.

2. Existing Conditions

2.1. Market & Financial Analysis

The University completed a Market and Financial Analysis of the Residence Halls in August of 2023 to support the housing partnership initiative. The notable findings and additional context on current conditions are included below. The full market analysis report (completed by Walker Consultants) is included in the appendix.

- ◆ UA's residence hall rates are the lowest compared to its peer institutions and low relative to the off-campus market competition in Akron. In fall of 2021, UA reduced its housing rates by 30% and those rates have remained in effect through the current academic year. Cohort increases are done in accordance with state guidelines (see section 3.3.1).
- ◆ UA's undergraduate enrollment has steadily declined from over 22,000 students in fall 2012 to under 9,800 in fall 2022. Fall 2023 total undergraduate enrollment was 9,696. Undergraduate enrollment is expected to decline to under 9,200 in fall 2024 and begin to grow to approximately 10,500 by fall 2032.
- ◆ The University maintains a freshman residential requirement. The capture rate of the freshman class living on campus averages approximately 60%.
- ◆ Students living on campus at the University have higher retention rates compared to students living off campus (or at home). Of those students living on campus during fall 2021, 69% of them were retained the second year, compared to the 67% of students living off campus. A similar trend was realized in fall 2022, with 73% of on-campus students retained to the second year, as compared to 72% of students living off campus.
- ◆ Approximately 17% of undergraduate students were captured in on-campus housing from fall 2017 to fall 2021. This capture rate increased to 21% in fall 2022 and 24% in fall 2023. Non-freshmen capture rates have also increased from 5% to 14% during the same timeframe. A total of 2,288 students lived in on-campus housing for fall 2023, which is the most since fall of 2019 and suggests that demand for on-campus housing is trending upward.
- ◆ Net operating income for the residence halls has declined in recent years due to the low occupancy levels. Between 2015 and 2019, net operating income ranged from \$9.2 million to \$11 million. The 2022-2023 period net operating income was approximately \$5.3 million. The net operating income is projected to increase for the 2024-2025 academic year.
- ◆ A property condition assessment was performed at each residence hall and no major issues are projected within the next five years. The total capital expenditure requirements for the residence halls over a 20-year period is \$33M. This includes immediate needs, which should be addressed in the short-term, needs specific to the Americans with Disabilities Act, and long-term needs that should be addressed during the 20-year period.

2.2. Additional Information

Several documents and data files that may be useful to qualified Proposers are included in the appendix of the RFP. The files consist of the following information:

- ◆ 2023 Market and Financial Analysis
- ◆ 2023 Physical Conditions Assessment Reports
- ◆ Residence Hall Floor Plans
- ◆ Debt Service Schedules
- ◆ FY 2023 Actuals, FY24 Approved Budget, and FY 2025 Potential Budget

3. Scope of Services

3.1. Financing/Ownership Structure

Successful proposals will develop a customized approach with a structure and deal terms that consider the University's desire for a system-wide campus housing monetization approach where the source of funds is not University-financed and delivery/implementation of capital projects is the responsibility of the Partner.

The University expects that the Partner will propose a structure that provides financial benefits to the University in one or more of the following ways:

- ◆ Defease existing debt associated with housing facilities
- ◆ Obtain upfront capital to support University initiatives
- ◆ Fund capital investments

The University anticipates that a financial structure that utilizes tax-exempt bonds issued through a 501c3 non-for-profit entity is the most suitable arrangement based on the objectives outlined in the RFP and the recent success of this type of transaction with the parking assets. UA, however, is open to alternative solutions that Proposers deem advantageous based on their experience with comparable projects.

3.1.1. Current Debt

The University currently has a principal balance of approximately \$80 million in outstanding debt related to the residence halls. The top priority for the University as part of this transaction is to defease some or all the current debt if it is financially beneficial to the overall monetization effort. The full debt service schedules are provided in the appendix.

3.2. Housing Management

The University's housing program must exceed student, parent and visitor expectations and serve as a recruitment asset for UA. The University is looking for an experienced Partner who can drive high satisfaction levels in both residence life and customer experience while maximizing occupancy. The Partner will work in close coordination with UA Student Affairs and other entities to ensure a seamless operation.

Operations and maintenance of the housing system must embrace modern technology and effectively support a high-quality residence life and housing program. The conditions of the facilities must be consistent with or exceed other campus facilities. Custodial services must achieve an APPA level 2. In addition, a long-term asset management plan must be developed and implemented for the entire housing portfolio.

The University desires to transfer most of the residential life and housing operational responsibilities to the Partner. However, at a minimum, the University intends to retain all co-curricular programming functions of the operations. This includes the following:

- ◆ Co-curricular programming
 - Operational oversight and funding of the four residence hall student organizations: Residence Hall Program Board (“RHPB”), Residence Hall Council (“RHC”) and the associated Hall Governments, National Residence Hall Honorary (“NRHH”), and Sigma Lambda Freshman Honorary.
 - Living Learning Communities, including but not limited to the Emerging Leaders program
 - Themed Housing
 - Welcome Weekend Programming
 - Current funding for these items is based on price per head count (based on census date) per semester. An annual percent increase to keep pace with residence hall rate increases should be included in the proposal.
 - RHPB: \$22 per head per semester
 - RHC: \$15 per head per semester
 - Welcome Weekend: \$15 per head per semester
 - Living Learning Communities: \$5 per head per semester
 - Emerging Leaders: \$5 per head per semester

The management functions that may be the responsibility of the Partner are listed below. The final scope and allocation of responsibility for management services will be determined by University.

- ◆ Marketing, Leasing, and Other Revenue Generation
- ◆ Custodial Services
- ◆ Maintenance Services
- ◆ Asset Management/Capital Planning
- ◆ Administrative Services & Financial Oversight Information Technology & Related Support Services

It is expected that the University will continue to maintain certain utilities and information technology services and equipment so long as the existing residence halls are in operation. However, if future capital projects are undertaken that may impact these systems, then the University will work with the Partner to determine the appropriate strategy for upgrading these systems, services, and equipment. The Partner will be expected to evaluate and consider energy savings opportunities as part of its asset management responsibilities.

Additionally, the University and/or its parking concessionaire will continue to retain maintenance responsibilities for existing parking lots located near or serving the residence halls. The University anticipates retaining responsibility for the groundskeeping surrounding the residence halls.

3.3. Capital Investment Plan

As part of the campus monetization, the University desires to address deferred maintenance through capital investments across the housing portfolio. Based on the property conditions assessment that was completed as part of the Market & Financial Analysis, the housing assets require approximately \$33M in capital expenditure over the next 20 years. Proposers should account for this level of investment in the monetization.

Additionally, the University is interested in a capital plan that includes strategic renovations to certain residence halls that can have a larger impact on quality and desirability of the buildings and in effect help to enhance the student experience. Proposers should provide their initial perspectives on potential strategic renovations.

Proposers should also provide feedback on the benefits and drawbacks of additional capital investment beyond the \$33M described above. At this point, UA does not believe new construction is financially viable but welcomes Partner's perspective on whether that should be a consideration.

3.3.1. Rental Rate Strategy

The Market and Financial Analysis includes projected housing rental rate increases for the next 20 years. Those assumptions should be used to inform financial projections for the proposal. Additionally, Proposers are encouraged to consider alternative rental rate structures that may be justified based on the current market, peer institutions, and the level of capital investments that may be completed as part of the monetization.

All Ohio residents who attend the University are eligible for the tuition guarantee program. This statewide mandate fixes tuition, select fees, and room and board rates for each incoming cohort of bachelor degree-seeking undergraduate students for four years. Cohort increases are possible within state guidelines.

The program includes a guaranteed rate schedule for housing that represents the various housing options available to undergraduate students. The rate charged to eligible students is based upon the student's selected or assigned residence type and location. If a student changes from one room or hall type to another during the cohort period, the housing rate charged to the eligible student will be adjusted based on the guaranteed rate schedule that is in effect throughout the eligible student's cohort period.

The tuition guarantee mandate greatly influences the University's ability to increase housing rates. Proposers should consider how this mandate along with the local housing market and UA students' ability to pay will impact long-term rental rate strategies in conjunction with capital investments in the housing facilities.

4. PROPOSAL REQUIREMENTS

The goal of this solicitation is to produce a customized housing partnership arrangement that provides the most value to the University. The required contents of the proposal are outlined below:

All proposals must include a cover letter and the following sections, along with associated attachments:

- ◆ Team Structure
- ◆ Financial Structure
- ◆ Management Approach

A description of the detailed information required for each section is included below. RFP responses must follow the order described above to facilitate efficient evaluation of the responses.

4.1. Team Structure

Identify your potential team partners that you anticipate working with to provide the services requested in the RFP. These individuals may include:

- ◆ Architects
- ◆ Developers
- ◆ Property managers
- ◆ Civil, structural, and MEP engineers
- ◆ Law firms
- ◆ Entities that may provide building systems maintenance and asset management services
- ◆ Notable subcontractors as it pertains to performing management services for the housing facilities
- ◆ Financial partners, underwriters, lenders, or related financial service entities
- ◆ Other potential partners, consultants, or subcontractors

The project lead or prime contractor should be clearly identified.

4.1.1. Architect of Choice

Proposers should identify one or multiple architects of choice that may be used for any renovation or related planning and design work for the housing facilities that may be pursued after the Partner is selected. Please submit a firm profile, resume of key personnel, and highlight notable projects that showcase their experience and capabilities.

4.2. Financial/Ownership Structure

The University is most interested in a 501c3 tax-exempt funding structure. Proposers should submit one response with this as the assumed funding source for the monetization of the on-campus housing assets. Additionally, Proposers are welcome to submit an alternative financial/ownership structure for consideration if believed to be more advantageous to UA.

4.2.1. Financial/Ownership Structure

Provide a narrative summary of the proposed financial/ownership approach to transform the University of Akron on-campus housing experience through a public-private partnership where you will be responsible for design, build, finance, operations, and maintenance activities related to existing and future housing assets. Address the following in the narrative:

- a. Explain the ownership structure for the deal structure as it pertains to the land and improvements of existing and any new housing assets
- b. Identify the sources and uses of funds for your approach (upfront payment, debt defeasance, capital investments, fees, etc.)
- c. Identify the potential cost of capital and term of the partnership agreement
- d. Identify the necessary agreements that would be required as part of the transaction
- e. Identify any University commitments that are required or assumed as part of the transaction
- f. Clearly highlight the potential financial benefits to the University over the term of the agreement
- g. Explain the compensation structure and identify the potential compensation to the Partner over the term of the agreement
- h. Describe the potential risks that may exist for the University

Please disclose all key assumptions as it relates to your proposed deal structure and any necessary financial documents that help to convey the mechanics of the financial/ownership structure.

4.3. Management Approach

Respond to the following statements and questions as it pertains to your approach to assuming operations and maintenance responsibilities of all on-campus housing facilities at the University:

4.3.1. Transition Plan

- a. Describe your approach to transitioning into the role of housing operator. The Partner will be expected to begin operations prior to the start of the 2025–2026 academic year.
- b. Outline the key milestones and critical steps that need to take place to ensure a seamless transition.
- c. Provide a narrative description of your approach to retaining existing University staff and hiring new staff.

4.3.2. Residence Life & Programming

- a. Provide a narrative that explains your approach to delivering a comprehensive residence life program at the University of Akron that includes 24/7 coverage of all 8 service desks and 24/7/365 on call crisis response by live on staff.

4.3.3. Marketing, Leasing & Other Revenue Generation

- d. Provide a narrative outlining a plan to effectively market housing to UA students and maximize occupancy over the term of the partnership.
- e. Describe your approach to maximizing non-rental revenues (summer camps and conferences, vending or laundry contracts and commissions, etc.).

4.3.4. Facility Maintenance

- a. Provide a general overview of how the Partner intends to maintain the facilities as it relates to the provision of staff, scheduling, equipment, supplies, tools and other materials required for the maintenance of the facilities.
- b. Provide a list of tasks that will be completed as part of regular facility maintenance.
- c. Provide a narrative describing the Partner's approach to developing and executing a facilities preventative maintenance plan.
- d. Provide proposed response timeframe to work orders and processes for communication/resolution timeframes for planned and unplanned work orders.
- e. Provide staffing levels, sample schedule, and emergency/after-hours response plan.
- f. Provide proposed Key Performance Indicators ("KPI") that will be monitored and reported to the University.

4.3.5. Asset Management

- a. Provide a general overview of the Partner's approach to collaborating with the owner on developing a capital reinvestment plan for the housing system.
- b. Describe process for determination of yearly set aside amounts from operations to ensure sufficient funds are available for repair and replacement of major facilities components, along with renovation or new development projects.

4.3.6. Custodial Services

- a. Provide a general overview of how the Partner intends to provide custodial services for the facilities as it relates to the provision of staff, scheduling, equipment, supplies, tools, and other materials required to provide custodial services for the facility.
- b. Describe the methods of quality control and assurance and responding to complaints and requests.
- c. Provide staffing levels, sample schedule, and emergency/after-hours response plan.
- d. Provide plans for seamless room turn at the end of each semester and during the academic year for room changes.
- e. Provide proposed KPIs that the Partner will monitor and report to the University.

4.3.7. Compensation Structure & Key Performance Indicators

- a. Specify the KPIs that the Partner will track to ensure quality control and confirm the overall advancement of the Project Objectives as identified in this RFP. State the frequency with which KPIs will be measured (monthly, quarterly, annually, etc.).
- b. State the Partner's fee for delivering the management services. Explain the compensation structure and how the fee is calculated.
- c. Identify how the compensation structure could be tied to specific KPIs that the Partner is able to track. UA is interested in aligning compensation with performance.

4.4. Project Budget and Pro Forma

4.4.1. Project Budget

Provide a project budget that aligns with your financial/ownership model and identifies all sources and uses for the transaction. At a minimum, the budget should include the following line items:

- ◆ All hard and soft costs related to design and renovation work
- ◆ Financing Costs
- ◆ Transition/Start-up Costs
- ◆ Debt Service Reserves (if applicable)
- ◆ Applicable Fees
- ◆ Other Items

4.4.2. Rental Rates

Identify your assumed rental rates (by price tier) and any annual increases over the term of the partnership. The current semester rates by tier are provided online and in the Market and Financial Analysis. Proposers should provide narrative justification for any rate increases that differ from what is proposed in the Market and Financial Analysis.

Proposers should also identify if they have experience working within the tuition guarantee mandate and how they would approach engaging with UA leadership, UA Board of Trustees, and Ohio Department of Higher Education to propose and implement a new rental rate plan and any changes during the partnership.

4.4.3. Housing Operations Budget and Pro Forma

Provide a budget and pro forma of the housing assets under your operations and control. Proposers should submit two housing budgets and proformas based on the following operating scenarios:

- ◆ Shared services model: The University will retain the following operations responsibilities: housing services (leasing and room management), residence life staffing and programming (including co-curricular programs), and custodial and facility maintenance.
- ◆ Full services model: The University will only retain responsibilities for co-curricular programs.

Please adhere to the following assumptions in your analysis:

- a. The pro forma should reflect planned capital expenditures made over the term of the agreement, in alignment with your proposed financial/deal structure. Use the Market and Financial Analysis and corresponding property conditions assessment to inform your capital investment approach.
- b. Identify all relevant revenue and operating expense line items and annual escalation assumptions. The operating budget for the housing system should reflect future conditions under a private operator.
- c. Include planned capital expenditures and any reserve allocations over the term of the agreement.
- d. Identify the terms of the management fee.
- e. The number of years shown in the proforma should align with the proposed terms of your financial/ownership structure. The first year should be reflective of the 2025–2026 academic year

4.4.4. Personnel Assumptions

- a. Provide a breakdown of the anticipated full-time and part-time staffing personnel that will be needed to operate the existing housing facilities over the proposed terms of the agreement under the two operation scenarios above. The list should include all full-time and part-time personnel, including student staff.
- b. Provide an organization chart that identifies employees' hierarchy (chain of command) for all personnel that are expected to be working on behalf of the University, including full-time, part-time, and student personnel. Identify the individuals that will provide support from the regional and/or corporate level.

4.5. Project Schedule

Provide a detailed schedule that identifies key milestones of the partnership including execution of legal agreements, financial close, the management transition, and the potential timing of the deferred maintenance projects/capital improvements.

5. PROPOSAL REVIEW AND EVALUATION

The purpose of this RFP is to allow Proposers to provide a detailed proposal in a format that allows the University to facilitate a fair evaluation of each submission. The University's evaluation of each participant will be based upon the information provided in their proposals, additional information requested by the University, formal negotiations, and information obtained from references and independent sources.

The Project Committee will evaluate proposals according to the following evaluation criteria. Proposers are responsible for reviewing the criteria below and providing appropriate and sufficient information with the proposal to enable the Selection Committee to assess the proposal.

UA desires to engage with a Partner who, in UA's sole discretion, demonstrates the ability to serve as a high-quality partner to the University, advances UA's strategic priorities, and provides an approach that is competitive in the marketplace and well-received. The key evaluation criteria shall include the following (listed in no particular order):

5.1. Evaluation Criteria

Proposals shall be evaluated by the Project Committee using the following criteria and scoring weights:

- ◆ Financial/Ownership Structure (35 points)
 - Adherence to UA's project drivers
 - Best value to the University
- ◆ Management Approach (25 points)
 - Approach to housing management and the services potentially in scope
 - Ability to deliver services that maximize occupancy and yield increased operating income
 - Ability to provide quality, engaging, and safe environments and services that enhance student experience
 - Approach to long-term asset management and capital reinvestment
- ◆ Team Capabilities & Composition (25 points)
 - Experience of the Partner (and its team members) in executing similar projects
- ◆ Additional Considerations (15 points)
 - Consideration of innovative solutions that deliver value to the University
 - Completeness of the proposal
 - Quality of the Partner's written submission
 - Quality of the Partner's oral presentation

6. DISCLAIMER

Respondents will be required to accept The University of Akron's General Terms and Conditions to submit a proposal via the Public Purchase web application.

Please contact Shandra Irish, Director of Purchasing, with any questions regarding this Request for Proposal at: Sirish@uakron.edu or 330-972-5853.